Collection of Wealth Tax and Gift Tax

1631. SHRI BEKAL UTSAHI:

DR. RATNAKAR PANDEY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that collections of Wealth Tax and Gift Tax have considerably gone down during the last three years; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) and (b) During the first two years of the last three years, there has been an increase in the Wealth Tax collections. However, the Wealth Tax collections have considerably gone down in the year 1987-88. This is mainly because of the fact that the Wealth Tax rates were drastically slashed by the Finance Act, 1985. The impact of the above rates could not be felt in the assessment years 1985-86 and 1986-87 because of the amnesty scheme. Since the amnesty scheme came to an end on 31-3-1987 the collection during 1987-88 has come down. There is also some decline in the collection figures of Gift Tax in the year 1986-87 and 1987-88 as shown below:—

(in crores of Rupees)

Year	Wealth-tax collections	Gift-tax collections
1983-84	93	9
1984-85	107	11
1985-86	153	12
1986-87	174	9
1987-88	99.47* (*Provisional)	8.11*

The decline in the Gift Tax collection in the year 1986-87 and 1987-88 is owing to the fact that Estate Duty has been abolished in respect of deaths occurring on or after 16-3-1985. And the making of gifts is no longer a device of Tax Planning to avoid heavy Estate Duty at higher slabs of principal value. The enhancement of maximum exemption limit considerably from Rs. 5000/- to Rs. 20,000/- w.e.f; 1-4-1987 in the Gift Tax Act has also contributed to the decline in respect of Gift Tax collection.

"Time Window" scheme for collection of tax arrears

1632. SHRI BEKAL UTSAHI:

DR. RATNAKAR PANDEY:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to introduce a scheme named "Time Window" for collection of arrears to enable the tax payers to pay the taxes within a stipulated time with reduced interest; and

(b) if so, what are the main features of the Scheme?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Yes, Sir.

(b) The main features of the Scheme are as under:—

(i) the scheme will be in operation from 1-7-1988 to 30-9-1988.

(ii) the scheme will be applicable to all income-tax demands certificated to the Tax Recovery Officers upto 31-3-1986.

(iii) the tax payers are entitled to a rebate of 50 per cent of the interest chargeable u/s 220(2) of the income-tax Act if they make the full payment of arrear demand indicated in (ii) above together with 50 per cent of the interest during the period stated in sub-para (i).